

Message Text

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FM SECSTATE WASHDC

TO AMEMBASSY JAKARTA

C O N F I D E N T I A L STATE 189390

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LIMDIS

E.O. 11652: GDS

TAGS: ENRG, EFIN, ID

SUBJECT: PERTAMINA'S LEASED TANKERS

REF: A. JAKARTA 9874 B. STATE 183358

1. RE QUERY IN PARA TWO REF A. WE CONFIRM THAT ATTACHMENT OF PERTAMINA ASSETS WAS INITIATED BY RAPPAPORT. NEW YORK SUPREME COURT WILL RULE, PROBABLY BY AUG 17, ON WHETHER ATTACHMENTS SHOULD BE LIFTED OR NOT. ACCORDING TO MORGAN GUARANTY SOURCE, GOI LAWYER (BURKE) IS CONFIDENT INDONESIANS CAN SHOW "MERITORIOUS DEFENSES" AND THAT COURT WILL VACATE ATTACHMENTS. WITH THIS AS TEST CASE DECIDED IN FAVOR GOI, BURKE EXPECTS TO BE IN STRONG POSITION TO GET OTHER CHARTERERS TO AGREE QUICKLY TO RENEGOTIATED TERMS.

2. RE QUERY IN PARA FIVE REF A. MORGAN GUARANTY OFFICIAL COMMENTED THAT, YES, GOI IS IN TECHNICAL DEFAULT ON ITS LOANS BECAUSE OF ATTACHMENT OF PERTAMINA'S ASSETS, BUT THAT THIS HAS NOT OVERLY CONCERNED SYNDICATE MEMBERS SO FAR. IT IS NOT NEWS TO THEM. EVER SINCE RAPPAPORT'S
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ABORTIVE ATTEMPT LAST DECEMBER TO ATTACH PERTAMINA'S

ASSETS (WHICH WAS THROWN OUT BY COURT ON PROCEDURAL GROUNDS), SYNDICATE MEMBERS HAVE BEEN AWARE OF PROBLEMS FOR THEIR TWO LOANS POSED BY TANKER DEBTS AND THAT FURTHER COURT ACTION WAS LIKELY. INDEED, SAID MORGAN GUARANTY MAN, SYNDICATE MEMBERS WERE AWARE THAT PERTAMINA'S FINANCIAL TROUBLES WERE LIKELY TO LEAD TO TECHNICAL DEFAULTS BY GOI AT TIME THEY AGREED TO JOIN THE TWO SYNDICATES.

3. UNKNOWN TO US HOW SIZEABLE ARE ATTACHED PERTAMINA ASSETS. IF OIL COMPANY QUARTERLY PAYMENTS NO LONGER GO INTO PERTAMINA'S U.S. BANK ACCOUNTS, PRESUMABLY THESE ASSETS ARE RELATIVELY MODEST.

4. WE HAVE JUST RECEIVED WHAT SEEMS TO BE CREDIBLE REPORT THAT 1976 DEBT SERVICE ON 28 TANKERS (PRESUMABLY BEFORE CONTRACT RENEGOTIATION) AMOUNTS TO 214.8 MILLION DOLS. KISSINGER

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